

Top Secret 231

(Security Classification)

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday June 24, 1976

CI NIDC 76-148C

DIA review(s) completed.

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Thursday June 24, 1976.

[REDACTED]
[REDACTED] The NID Cable is for the purpose of informing senior US officials.

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PORTUGAL

[REDACTED] Whether the Portuguese will hold a presidential election on Sunday as scheduled was thrown into doubt yesterday when Prime Minister Azevedo, one of the four candidates, suffered a severe heart attack.

[REDACTED] The latest medical reports describe his condition as serious [REDACTED]

[REDACTED] If he dies before the voting begins, the constitution specifies that the president set a new date and that the entire election process begin again. This would mean a delay of at least six to eight weeks.

[REDACTED] The Prime Minister had come under growing pressure because of the failure of his poorly organized and under-financed campaign to halt the momentum of the front-runner, army chief Eanes.

[REDACTED] During the past week, Azevedo had stepped up his personal attacks against Eanes, accusing him of attempting to "torpedo" the reforms made by the officers who ousted the dictatorship and launched the revolution more than two years ago. He also criticized the army chief's efforts to restore "professionalism" to the military since the abortive leftist power play last November.

[REDACTED] Azevedo's desperate attempts to discredit Eanes have created hostility against him in the armed forces and appear to have helped his own campaign very little.

[REDACTED] Much of Azevedo's support now seems likely to go to Eanes, although Azevedo's campaign headquarters insists he will remain a candidate. Should the Prime Minister recover sufficiently and decide to withdraw from the race before the deadline tomorrow, however, he might encourage his followers to back the far left candidate, former security chief Otelo de Carvalho, whom he has praised in recent campaign statements.

25X1 [] If Azevedo lives, his illness will improve Eanes' chances of winning a majority in the first round of voting, avoiding a runoff.

25X1 [] If Azevedo dies before Sunday, the postponement of the election could have far-reaching consequences. Not only could it lead to shifting alliances and new candidates entering the race, but it would also postpone the formation of a new government based on the legislature elected last April. Any delay would also put off badly needed economic measures. [] 25X1

LEBANON

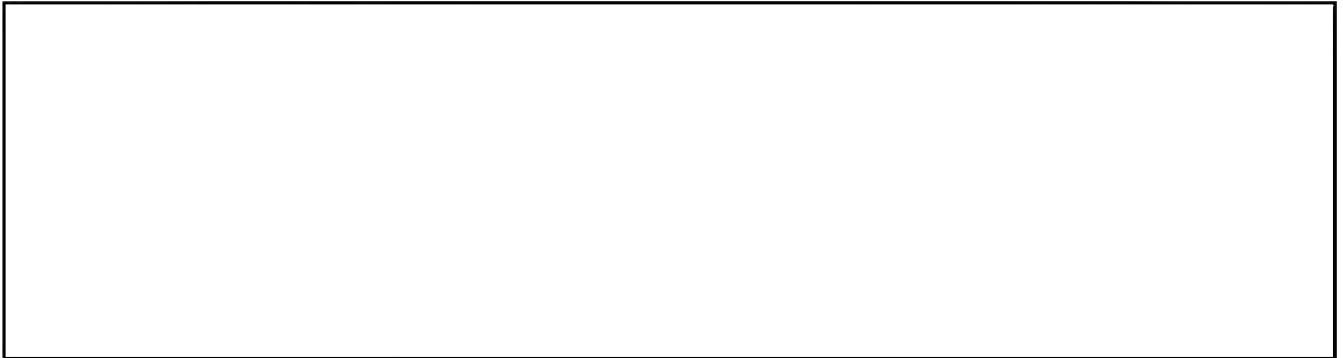
25X1 [] Despite continued heavy fighting around refugee camps in Beirut and Palestinian-leftist positions in central Lebanon, Beirut airport opened yesterday to the first commercial air traffic in more than two weeks.

25X1 [] Syrian forces apparently remain in firm control of the airport. A Red Cross plane landed there on Tuesday and, according to press reports, was immediately surrounded by Syrian troops. These were apparently members of the Syrian contingent of the Libyan-Syrian security force rather than the Syrian regulars who have been occupying the airport, but the distinction is of little importance.

25X1 [] It is not clear whether the airport is still open. The Palestinians are charging that Syrian troops yesterday prevented the landing of a Saudi aircraft carrying food and medicine.

25X1 [] Libyan Prime Minister Jallud has been trying to work out a timetable for the Syrian pullback that would have meant a complete withdrawal from Beirut by yesterday and would require a pullback from Sidon and Ayn Sawfar by late this week. [] 25X1

25X1 [] Palestinian and leftist spokesmen yesterday said they had repelled several Christian assaults against two Palestinian refugee camps in Beirut's eastern suburbs.



25X1 [REDACTED] The Arab League continues to issue optimistic reports on efforts to form a broad Arab security force to augment the Syrian-Libyan contingent now in Beirut. Following a League council meeting yesterday, Secretary General Riyadh announced that Saudi and Sudanese troops are assembling in Damascus for movement to Beirut and that a 100-man Somali force is ready to fly into Beirut airport. We do not know, however, whether several obstacles that prevented these contingents from coming earlier have yet been cleared up.

25X1 [REDACTED] In an example of the continued ill-will existing between Syria and Yasir Arafat's Fatah, Syria issued a statement yesterday--which it attributed to a Palestinian affiliate of the Baath Party--that vigorously attacked Fatah for "considering itself a substitute for the PLO command."

25X1 [REDACTED] The statement laid out a carefully argued case against what it called Fatah's deliberate efforts to fan rather than resolve existing differences among member organizations in the PLO and to benefit its own position within the PLO by playing the Arab states off against one another.

25X1 [REDACTED] The statement charged that Fatah has turned its guns against fellow Palestinians and other Arabs in order to avoid facing the Israeli enemy and, without naming Yasir Arafat, urged the Arabs to "put an end to the domination of certain persons" in the Fatah command.

25X1 [REDACTED] The statement is one of the strongest Damascus has issued against Fatah. Syrian officials themselves still declare solidarity with the Palestinians in direct public statements and deny that clashes have occurred between Syrian and Palestinian

forces. By putting yesterday's statement in the mouth of an ostensibly non-government organization, the regime can deny association with it if the response among other Arab states is unfavorable. The statement seems designed, however, as a trial balloon to test the Arabs' receptivity to a Syrian attempt to remove Fatah from its commanding position within the PLO.

25X1 [] Israeli Prime Minister Rabin told a group of students on Tuesday that the entry of the Arab League's security force into Lebanon could, over the long term, encourage political developments threatening to Israel's security.

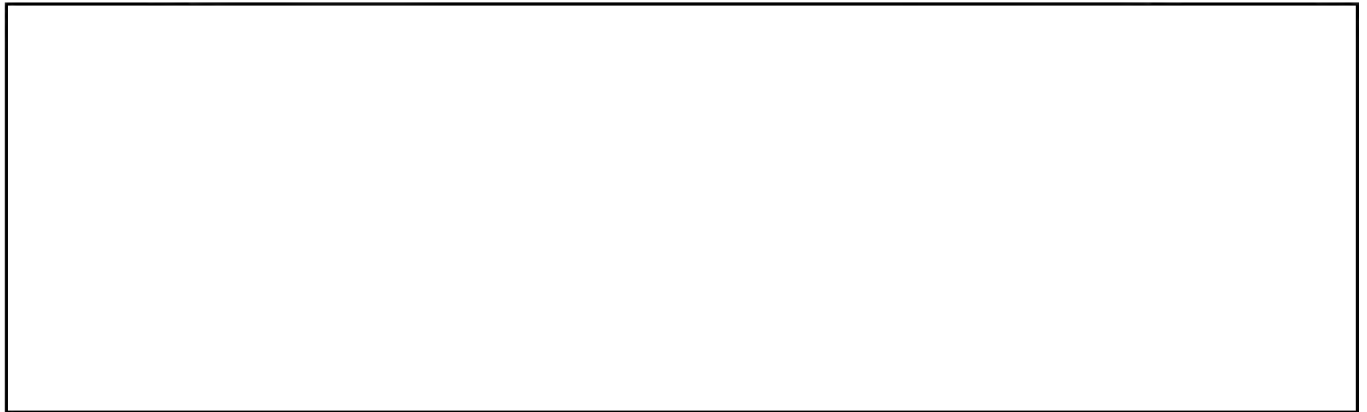
25X1 [] Rabin's remarks reflect recurring Israeli apprehensions that the Arab League force may succeed in preparing the way for an eventual rapprochement between Syria and the Lebanese leftists. Such a reconciliation, in Tel Aviv's view, could in turn lead to the installation of a Syrian-dominated leftist regime in Beirut--a contingency that Israeli leaders have repeatedly stated their government could not tolerate.

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OAU

[redacted] African foreign ministers begin a five-day meeting today in Port Louis, Mauritius, to prepare the agenda for the 13th annual summit of the Organization of African Unity, which is to be held July 2 through 5.

[redacted] The sessions are likely to be dominated by the strong emotional reaction throughout Africa to the racial violence in South Africa that took the lives of more than 100 blacks. The advocates of dialogue with Pretoria will lie low.

[redacted] Despite the general approval in Africa of Secretary Kissinger's recent speeches on southern Africa, the coincidence of the Secretary's meeting in West Germany with South African Prime Minister Vorster and the riots in South Africa is likely to lead to some strong criticism of the US. The US will also be subject to considerable criticism for its veto of Angola's application for UN membership.

[redacted] At a minimum, there will be new and stronger demands that the US and other Western countries use their economic and political leverage to force the South African government to change its apartheid policies. The French will take some lumps for their recent agreement to provide South Africa with a nuclear power plant.

25X1

[] The Israelis seem certain to suffer because of Vorster's reception by Israeli leaders in April. Many Africans believe Israel discussed arms aid with Vorster and they may be more receptive than usual to calls by the Arab members of the OAU for condemnation of Israel.

25X1

[] The Israelis may escape a formal OAU demand for their expulsion from the UN, but the foreign ministers almost certainly will recommend adoption of a version of the "Zionism is racism" resolution approved by the UN General Assembly.

25X1

[] Other issues likely to get heavy treatment include:

--Rhodesia. There will be calls for the Rhodesian black leaders to end their interminable squabbling and get about the business of "liberating Zimbabwe," but the foreign ministers are unlikely to agree on who should be recognized as the paramount Zimbabwe leader.

--Namibia. South Africa will be condemned for its refusal to comply with UN demands that it relinquish control of the territory, and there may be some new promises of support for the Namibian insurgents.

25X1

--French Territory of the Afars and Issas. The foreign ministers will probably recommend that France be called on to keep its promise to grant the territory independence, but they will sidestep the question of territorial guarantees for the new state, which Somalia covets and which Ethiopia is determined to keep from falling under Somalia's control. []

EC

25X1

[] //EC finance and labor ministers, trade unionists, and employer representatives meet today in Luxembourg to examine the state of Europe's economy. Billed as a conference on employment problems, the meeting will focus equally on inflation and investment.//

25X1

[] //The first Tripartite Conference last November provided an unprecedented exchange on the gamut of socioeconomic issues, although the participants did not agree on joint initiatives to cope with the recession. Unemployment still exceeds 5 million.//

25X1

[] //The discussions in Luxembourg will center largely on an EC Commission paper which calls on labor to moderate its wage claims in return for greater participation in corporate decision-making. Business, for its part, would limit price increases in return for labor peace and further governmental investment incentives.//

25X1

[] //The Commission paper sets 1978 as the target date for eliminating cyclical unemployment and 1980 for achieving full employment. For the next four years, it calls for an annual GNP growth rate of 4.5 percent to 5 percent, an appreciable rise in investment, and a decline in inflation to 4.5 percent. The Commission will ask the conference--and subsequently the heads of government at their mid-July meeting--to endorse this strategy formally.//

25X1

[] //The Commission has also prepared a study of three possible measures to reduce unemployment in addition to restricting the influx of immigrant workers.//

25X1

[] //Early retirement: The retirement age varies widely in the Community, and there are great differences among national pension schemes. Some member states have already taken steps to facilitate early retirement, and the Commission recommends a further selective lowering of retirement ages in tough jobs such as mining and construction.//

25X1

[] //Extending the age for compulsory education: At present, unemployment among young people accounts for about one-third of total unemployment. Prolonging school attendance would have an immediate impact on the labor market but because new educational facilities would be expensive and because the 15 to 19 age group is expected to decline in 1980-1985, the Commission opts for such temporary measures as increased professional training and financial aid.//

EGYPT-SYRIA

25X1

[REDACTED] The prime ministers and foreign ministers of Egypt and Syria met in Riyadh last night in the first round of the often-postponed Saudi effort to reconcile the deep rift between the two governments.

25X1

[REDACTED] Although Syrian Prime Minister Ayyubi upon arrival in Riyadh expressed optimism that differences could be settled, the chances for more than a surface reconciliation are dim. President Sadat, in fact, has again publicly catalogued his grievances against Syria in a press conference in Qatar yesterday.

25X1

[REDACTED] Rumors that an Egyptian-Syrian summit is scheduled to follow the Riyadh meeting have not been confirmed; definite plans probably await the outcome of the Riyadh talks. [REDACTED]

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POLAND

[] Poland must soon raise prices of basic food items, according to an article in the Polish party daily yesterday.

25X1

[] //The regime may already be taking action to head off any show of popular dissatisfaction. []

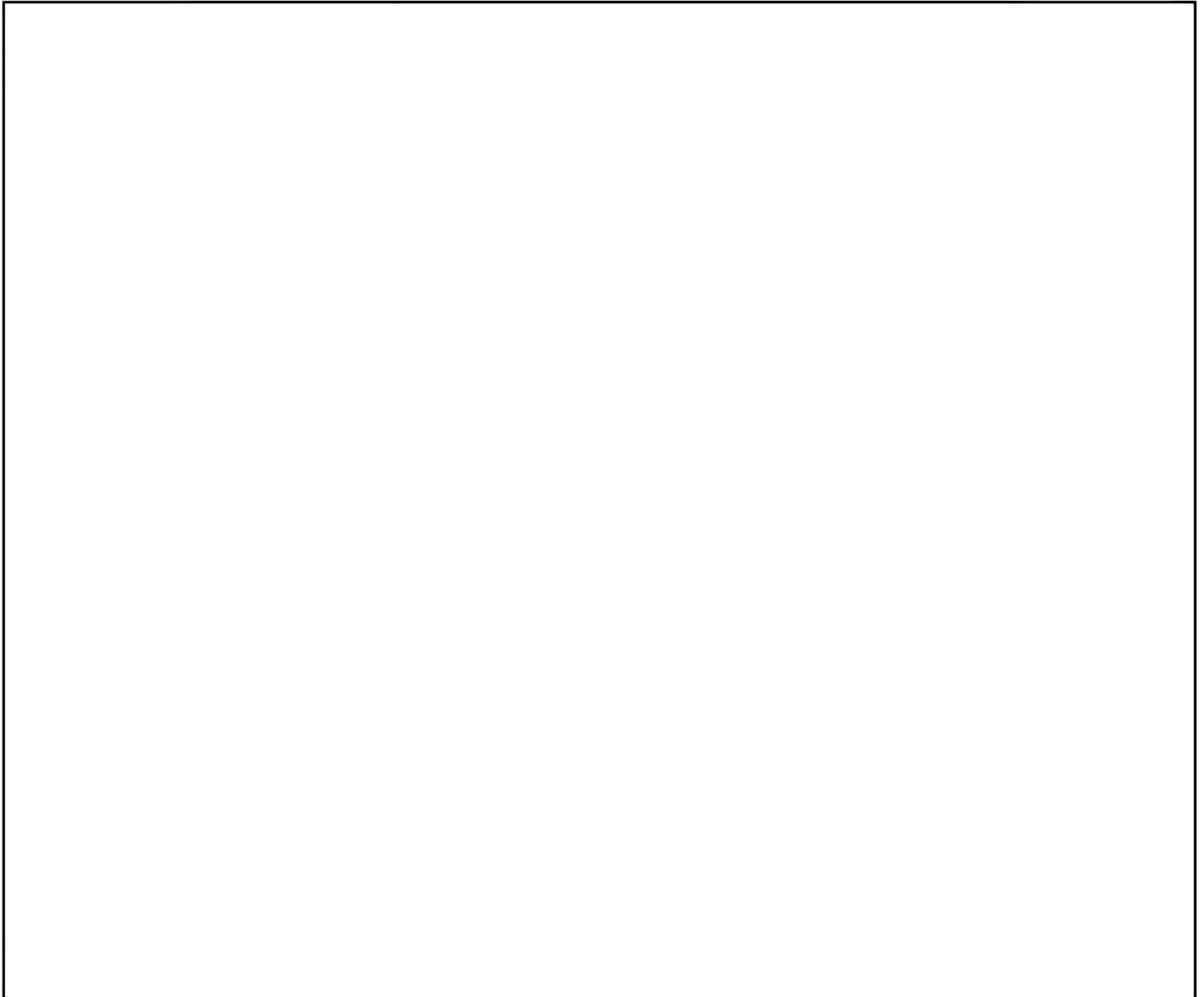
[] police leaves have been canceled and more than the usual number of police are on the streets in and around Warsaw. The extra police were ostensibly posted because of the European youth congress now under way.//

[] According to the article, the yearly state subsidies for food items have risen from 20 to 40 percent a year over the past five years. It calls this situation "untenable" because the huge subsidies have the double effect of limiting funds available for investment and unreasonably boosting demand for food products by keeping food prices artificially low.

[] Prices on meat, milk, butter, and flour have been held stable since late 1970, when widespread riots and strikes over a price increase forced the change in the party leadership that brought Edward Gierek to power. During the past year the people have openly complained about periodic shortages of key items such as pork and about the prospect of price hikes.

[] The Polish leadership has been divided over how to handle this sensitive problem. Economists favor the increases, but politicians fear the public reaction.

[] Gierek has promised that before implementing changes, he would "consult" the people. The parliament convenes today; it is a logical forum for such an effort. []



SPRATLY ISLANDS

Recent oil-drilling operations in the Reed Bank area by a Philippine-Swedish consortium has brought new statements reaffirming claims to the Spratly Islands from Taiwan, Vietnam, China, and the Philippines.

25X1

[] According to the Manila press, Foreign Secretary Romulo has accepted an invitation from Foreign Minister Chiao Kuan-hua to visit Peking in August, at which time the issue presumably will be discussed. Romulo apparently received the invitation before the present dispute arose.

25X1

[] Romulo has tried to protect the oil operation by announcing that he had reminded the Chinese ambassador that President Marcos had discussed this project with Chinese leaders during his visit a year ago, implying that they had offered no objections. Romulo also recalled that the communique at the end of Marcos' visit had called for peaceful settlement of disputes without the use or threat of force.

25X1

[] Marcos reportedly has ordered oil-drilling operations to continue. He thinks he has China's assurance that it will not interfere with the exploration.

25X1

[] The Manila press, presumably with official guidance, is drawing a distinction between the Reed Bank and the main islands of the Spratly group, which are not being exploited or occupied by the Philippines. The government's official position is that the Reed Bank is within the continental shelf of the Philippines and also within its 200-mile economic exploitation zone authorized by the 1958 UN convention on the continental shelf.

25X1

[] The rival claimants to the Spratlys almost certainly will reject the Philippine case for exclusive jurisdiction over the Reed Bank area, but neither China nor Vietnam, at this time seems interested in pushing the dispute beyond public statements. The Vietnamese have stated in the past that they eventually would try to resolve conflicting claims in the South China Sea through negotiations with China and the Philippines.

25X1

[] The Chinese, for their part, view the Vietnamese as a much more serious rival than the Philippines.

25X1

[] The Philippine government is aware of the potential risk in extending its oil exploration operations. Its desire to avoid sharper contention was evident in Romulo's recent statement, which played down the Philippine claim to areas of

the Spratlys beyond the Reed Bank. Presumably for deterrent effect, the Philippine press is also emphasizing US involvement in the form of a recently acquired American Oil Company interest in the Swedish-Philippine consortium. [REDACTED]

25X1

COLOMBIA

25X1

[REDACTED] President Lopez has lifted the state of siege he imposed a year ago to help curb student and labor unrest and urban terrorism in Colombia. He has also rescinded the even harsher security measures decreed last April during the height of public disorders. The National University in Bogota, which was the focal point for student protests, apparently will be permitted to reopen.

25X1

[REDACTED] Lopez has not been comfortable with the state of siege, which went against his desire to broaden civil liberties in Colombia. He imposed the emergency measures in April only with considerable reluctance and under strong pressure from the military.

25X1

[REDACTED] Labor unrest, student protests, and urban terrorist incidents have declined markedly in the past two months, but rural guerrilla activity still poses a problem. [REDACTED]

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